SASKATCHEWAN POWER CORPORATION
SUPPLEMENTARY SUPERANNUATION PLAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Provincial Auditor Saskatchewan

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Power Corporation Supplementary Superannuation Plan, which comprise the statement of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010; and the statement of changes in net assets available for benefits for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Power Corporation Supplementary Superannuation Plan as at December 31, 2011, December 31, 2010, and January 1, 2010, and the changes in its net assets available for benefits for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian accounting standards for pension plans.

Regina, Saskatchewan
March 15, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

SASKATCHEWAN POWER CORPORATION
SUPPLEMENTARY SUPERANNUATION PLAN
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

(in thousands)

AS AT	December 31 2011	December 31 2010	January 1 2010 (Note 2c)
ASSETS			
SaskPower contribution receivable	$21,877	$21,894	$21,631
Total assets	21,877	21,894	21,631
NET ASSETS AVAILABLE FOR BENEFITS	$21,877	$21,894	$21,631

(See accompanying notes to the financial statements)

SASKATCHEWAN POWER CORPORATION **STATEMENT 2**
SUPPLEMENTARY SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31

	(in thousands)	
	2011	**2010**
INCREASE IN ASSETS		
Banked days earned	$ 1,405	$ 1,423
Interest earned	1,064	174
Total increase in assets	2,469	1,597
DECREASE IN ASSETS		
Superannuation benefits	2,486	1,334
Total decrease in assets	2,486	1,334
(Decrease) increase in net assets	(17)	263
NET ASSETS AVAILABLE FOR BENEFITS, beginning of the year	21,894	21,631
NET ASSETS AVAILABLE FOR BENEFITS, end of the year	$21,877	$21,894

(See accompanying notes to the financial statements)

SASKATCHEWAN POWER CORPORATION
SUPPLEMENTARY SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. Description of the Plan

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Supplementary Superannuation Plan (the Plan) on January 1, 1988 for the purpose of providing superannuation benefits under this Plan to SaskPower employees enrolled in the Plan (the Participants).

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the Participants. Benefits are funded out of current operations of the Corporation.

On March 14, 2000, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

Enrollment

To enroll in the Plan, eligible SaskPower employees (Management Level VII and up) must agree, in writing, to indefinitely forego their entitlement to 13 banked days off in return for Plan benefits.

As of December 31, 2011, the Plan had 197 (2010 – 206) active Participants and 72 (2010 – 67) retired or terminated Participants who received benefits from the Plan.

Banked Days Earned

On an annual basis, the Plan credits the notional account of each active Participant with a sum equal to 15 days of a Participant's salary. The crediting of each sum is deemed to occur on January 1 of each year. In addition, the Plan may from time to time, credit each Participant's notional account with such additional amounts as it deems appropriate. Notwithstanding the above, in no event shall any amount credited under the Plan be in lieu of compensation payable by SaskPower during the year or a previous year.

The notional account of each Participant represents a contribution receivable from SaskPower.

Interest Earned

On December 31 of each year, the Plan credits each active Participant's notional account with an additional amount equal to the greater of:

i. The percentage yield on the mean actuarial value of the investments by the Power Corporation Superannuation Plan for the year ended September 30 of that year; or

ii. The average rate of interest paid during the year on one year Guaranteed Investment Certificates (GICs) Series V122524 as reported by the Bank of Canada. For this purpose, the rate of interest paid on one year GICs on the first business day of each month shall be used to determine the average rate of interest paid on GICs.

The rate used to calculate the interest credited to the Plan during 2011 was 4.9% (2010 – 0.6%).

Benefits

A Participant's benefit entitlement date is normally January 31 of the year following the year in which the Participant terminates active service with the Corporation.

Upon termination of active service, Participants elect how superannuation benefits are to be paid. In the event of termination of service with the Corporation, the Corporation, on behalf of the Plan, may pay a Participant's superannuation benefits in a lump sum. In no circumstances shall superannuation benefits under this Plan be paid over a period exceeding 5 years.

2. Basis of Preparation and Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CICA Handbook, section 4600, Pension Plans. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

The following accounting policies are considered significant:

a) Basis of measurement

The financial statements have been prepared on the historical cost basis.

b) Financial instruments

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Financial instruments classified as loans and receivables are subsequently measured at amortized cost. The SaskPower contribution receivable, a financial instrument, has been classified in the loans and receivable category. As described in Note 4, the fair value of this receivable is its carrying value.

c) Adoption of new accounting standards

Effective January 1, 2011, the financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CICA Handbook, section 4600, Pension Plans. These standards are required to be adopted with retrospective restatement. The transition to the new standards did not require any changes to prior year figures or the Plan's accounting policies. The opening statement of financial position in accordance with section 4600 as of January 1, 2010 has been disclosed for comparative purposes.

3. Related Parties

SaskPower and PEBA are related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received use of office space and administrative services from SaskPower at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by SaskPower.

4. Fair Value

The fair value of the SaskPower contribution receivable is its carrying value. As benefits are funded out of current operations of SaskPower, the Plan's financial risks relate primarily to credit risk. The maximum credit risk to which it is exposed at December 31, 2011 is limited to the carrying value of its contribution receivable from SaskPower.